

Austin Energy 2022 Base Rate Review

Options for Consideration

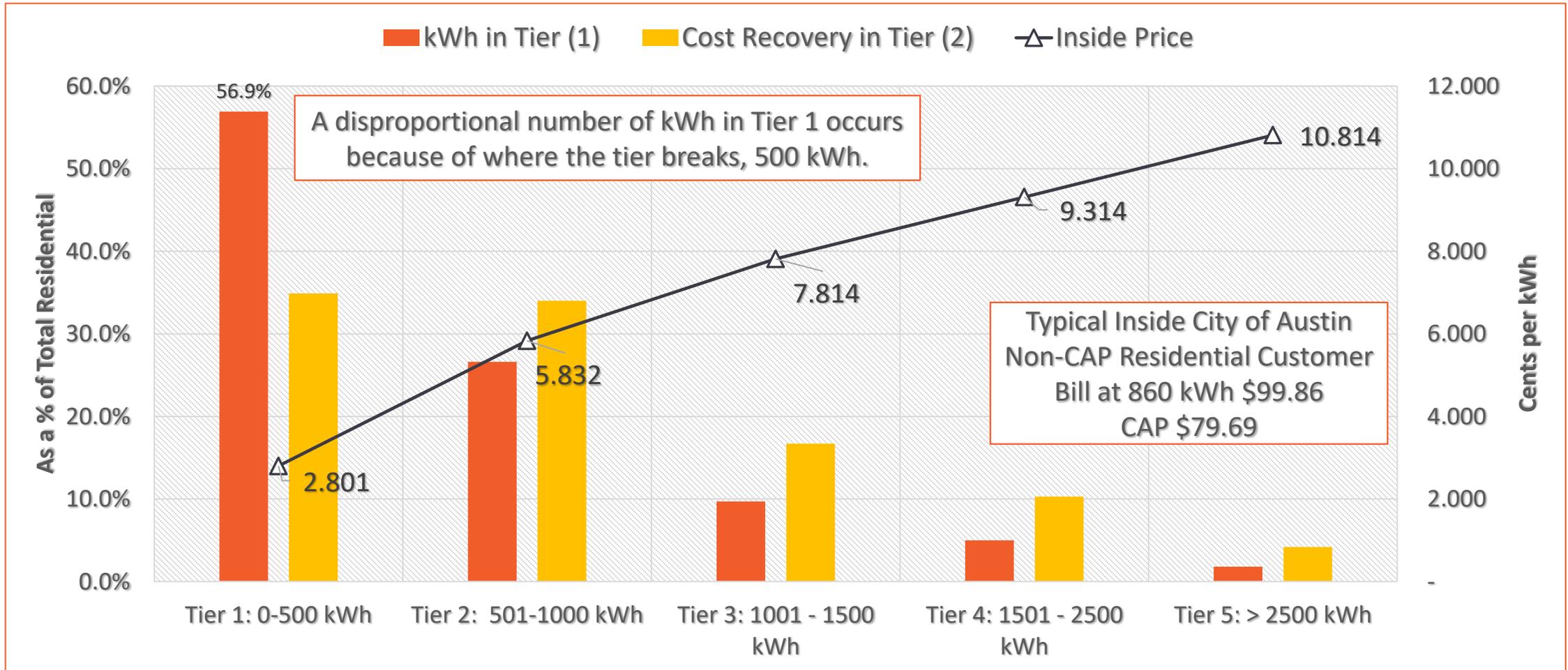


December 2, 2022

© 2022 Austin Energy

Austin Energy 2022 Base Rate Review

Inside City Represents 78% of All Residential Consumption: Driving the Need For Tier Restructuring



- (1) kWh represents Test Year 2021 weather normalized sales as used in the Austin Energy Base Rate Proposal. Differences due to rounding.
- (2) Reflects only costs recovered in Energy Charge revenue.

Austin Energy 2022 Base Rate Review

Options for Residential Rate Design

CM Pool Proposal

- Increase revenue requirements by \$31.3 million and reduce GFT from \$120 to \$115 million
- Move customer classes to 40% unity
- Separate rate structure for inside and outside residential customers
- Funds 2012 outside city customer agreement with S2/S3 subsidy
- 4 tiers
- 3-Step increase in the customer charge \$14/\$15/\$16



Austin Energy 2022 Base Rate Review

Option 4A Step 1: \$31.3M, 4 Tiers, 40% to Unity, \$14 CC, Inside

\$10.00 Customer Charge	Price per kWh	Current	kWh ⁽¹⁾	As a %
Below Cost of Service	2.801	Tier 1: 0-500 kWh	2,193,948,158	56.9%
Below Cost of Service	5.832	Tier 2: 501-1000 kWh	1,024,259,393	26.6%
Approximately Cost of Service	7.814	Tier 3: 1001 – 1500 kWh	374,842,802	9.7%
Above Cost of Service	9.314	Tier 4: 1501 – 2500 kWh	193,880,427	5.0%
Above Cost of Service	10.814	Tier 5: > 2500 kWh	68,248,112	1.8%
		Total	3,855,178,893	

\$14.00 Customer Charge	Price per kWh	Proposed	kWh ⁽¹⁾	As a %
Below Cost of Service	4.002	Tier 1: 0-300 kWh	1,443,616,801	37.4%
Approximately Cost of Service	5.002	Tier 2: 301-900 kWh	1,642,206,670	42.6%
Above Cost of Service	6.502	Tier 3: 901 - 2000kWh	645,344,798	16.7%
Above Cost of Service	8.502	Tier 4: > 2000 kWh	124,010,623	3.2%
		Total	3,855,178,893	



(1) kWh represents Test Year 2021 weather normalized sales as used in the Austin Energy Base Rate Proposal. Differences due to rounding.

Austin Energy 2022 Base Rate Review

Option 4A Step 1: \$31.3M, 4 Tiers, 40% to Unity, \$14 CC, Outside

\$10.00 Customer Charge	Price per kWh	Current	kWh ⁽¹⁾	As a %
Below Cost of Service	3.700	Tier 1: 0-500 kWh	396,559,232	35.6%
Approximately Cost of Service	5.600	Tier 2: 501-1000 kWh	274,078,361	24.6%
Above Cost of Service	7.868	Tier 3: > 1000 kWh	442,456,852	39.8%
		Total	1,113,094,445	

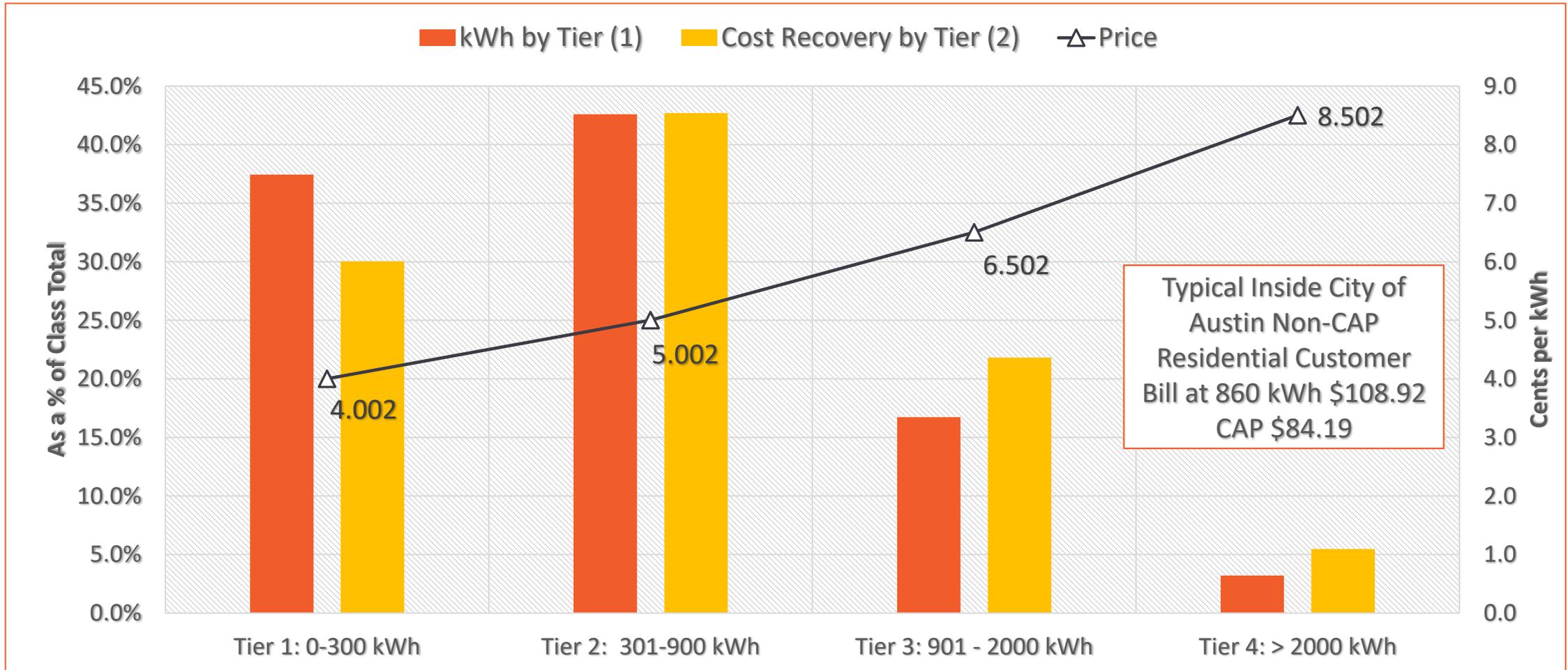
\$14.00 Customer Charge	Price per kWh	Proposed	kWh ⁽¹⁾	As a %
Below Cost of Service	4.002	Tier 1: 0-300 kWh	246,288,704	22.1%
Approximately Cost of Service	4.541	Tier 2: 301-900 kWh	379,958,755	34.1%
Above Cost of Service	5.903	Tier 3: 901 - 2000kWh	306,324,445	27.5%
Above Cost of Service	7.718	Tier 4: > 2000 kWh	180,522,541	16.2%
		Total	1,113,094,445	



(1) kWh represents Test Year 2021 weather normalized sales as used in the Austin Energy Base Rate Proposal. Differences due to rounding.

Austin Energy 2022 Base Rate Review

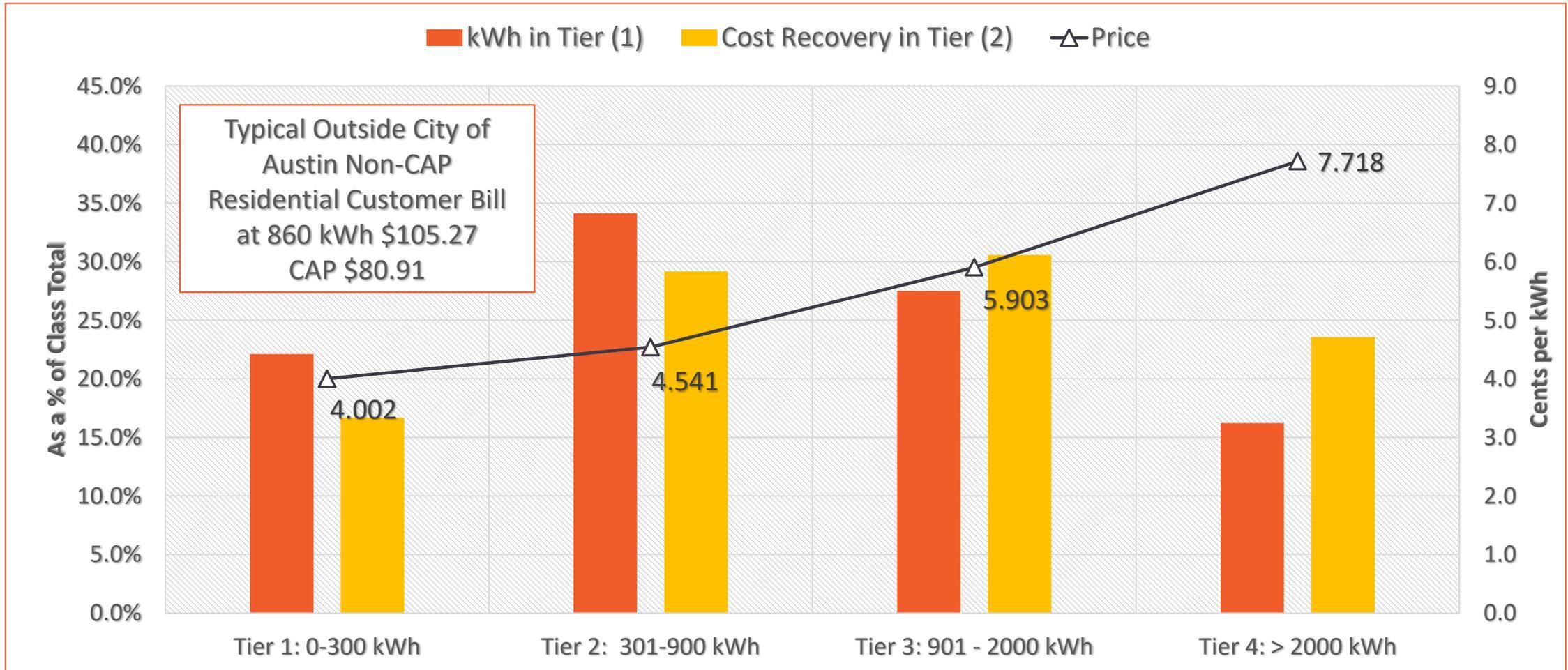
Option 4A Step 1: \$31.3M, 4 Tiers, 40% to Unity, \$14 CC, Inside



- (1) kWh represents Test Year 2021 weather normalized sales as used in the Austin Energy Base Rate Proposal. Differences due to rounding.
- (2) Reflects only costs recovered in Energy Charge revenue.

Austin Energy 2022 Base Rate Review

Option 4A Step 1: \$31.3M, 4 Tiers, 40% to Unity, \$14 CC, Outside



- (1) kWh represents Test Year 2021 weather normalized sales as used in the Austin Energy Base Rate Proposal. Differences due to rounding.
- (2) Reflects only costs recovered in Energy Charge revenue.

Austin Energy 2022 Base Rate Review

Options for Residential Rate Design

CM Pool Proposal as Amended by Mayor Pro Tem Alter

- Increase revenue requirements by \$31.3 million and reduce GFT from \$120 to \$115 million
- Move customer classes to 40% unity
- Separate rate structure for inside and outside residential customers
- No decrease for high-use inside city residential customers
- Funds 2012 outside city customer agreement and CAP expansion with inside city subsidy
- 4 tiers
- 3-Step increase in the customer charge \$14/\$15/\$16



Austin Energy 2022 Base Rate Review

Option 4B Step 1: \$31.3M, 4 Tiers, 40% to Unity, \$14 CC, Inside No Decrease

\$10.00 Customer Charge	Price per kWh	Current	kWh ⁽¹⁾	As a %
Below Cost of Service	2.801	Tier 1: 0-500 kWh	2,193,948,158	56.9%
Below Cost of Service	5.832	Tier 2: 501-1000 kWh	1,024,259,393	26.6%
Approximately Cost of Service	7.814	Tier 3: 1001 – 1500 kWh	374,842,802	9.7%
Above Cost of Service	9.314	Tier 4: 1501 – 2500 kWh	193,880,427	5.0%
Above Cost of Service	10.814	Tier 5: > 2500 kWh	68,248,112	1.8%
		Total	3,855,178,893	

\$14.00 Customer Charge	Price per kWh	Proposed	kWh ⁽¹⁾	As a %
Below Cost of Service	4.002	Tier 1: 0-300 kWh	1,443,616,801	37.4%
Approximately Cost of Service	5.002	Tier 2: 301-900 kWh	1,642,206,670	42.6%
Above Cost of Service	7.285	Tier 3: 901 - 2000kWh	645,344,798	16.7%
Above Cost of Service	10.560	Tier 4: > 2000 kWh	124,010,623	3.2%
		Total	3,855,178,893	



(1) kWh represents Test Year 2021 weather normalized sales as used in the Austin Energy Base Rate Proposal. Differences due to rounding.

Austin Energy 2022 Base Rate Review

Option 4B Step 1: \$31.3M, 4 Tiers, 40% to Unity, \$14 CC, Outside

\$10.00 Customer Charge	Price per kWh	Current	kWh ⁽¹⁾	As a %
Below Cost of Service	3.700	Tier 1: 0-500 kWh	396,559,232	35.6%
Approximately Cost of Service	5.600	Tier 2: 501-1000 kWh	274,078,361	24.6%
Above Cost of Service	7.868	Tier 3: > 1000 kWh	442,456,852	39.8%
		Total	1,113,094,445	

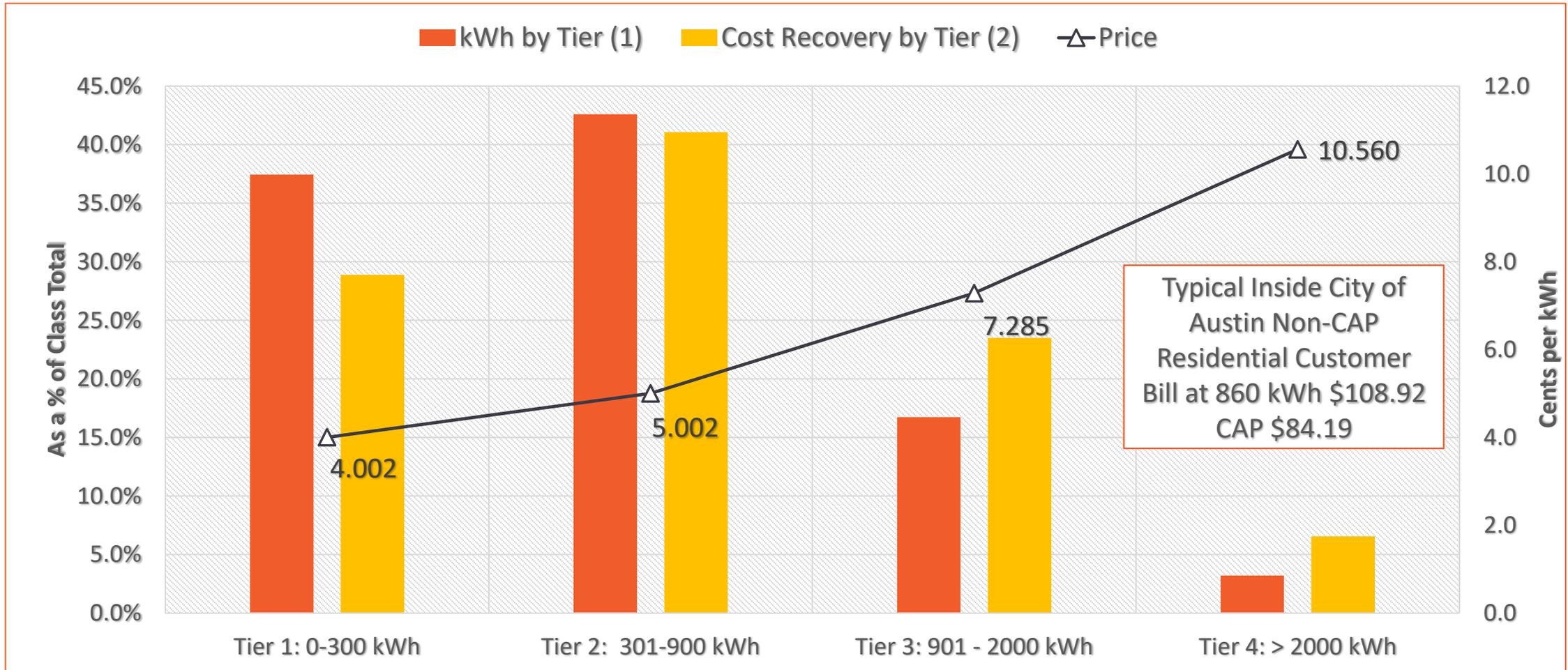
\$14.00 Customer Charge	Price per kWh	Proposed	kWh ⁽¹⁾	As a %
Below Cost of Service	4.002	Tier 1: 0-300 kWh	246,288,704	22.1%
Approximately Cost of Service	4.541	Tier 2: 301-900 kWh	379,958,755	34.1%
Above Cost of Service	5.903	Tier 3: 901 - 2000kWh	306,324,445	27.5%
Above Cost of Service	7.718	Tier 4: > 2000 kWh	180,522,541	16.2%
		Total	1,113,094,445	



(1) kWh represents Test Year 2021 weather normalized sales as used in the Austin Energy Base Rate Proposal. Differences due to rounding.

Austin Energy 2022 Base Rate Review

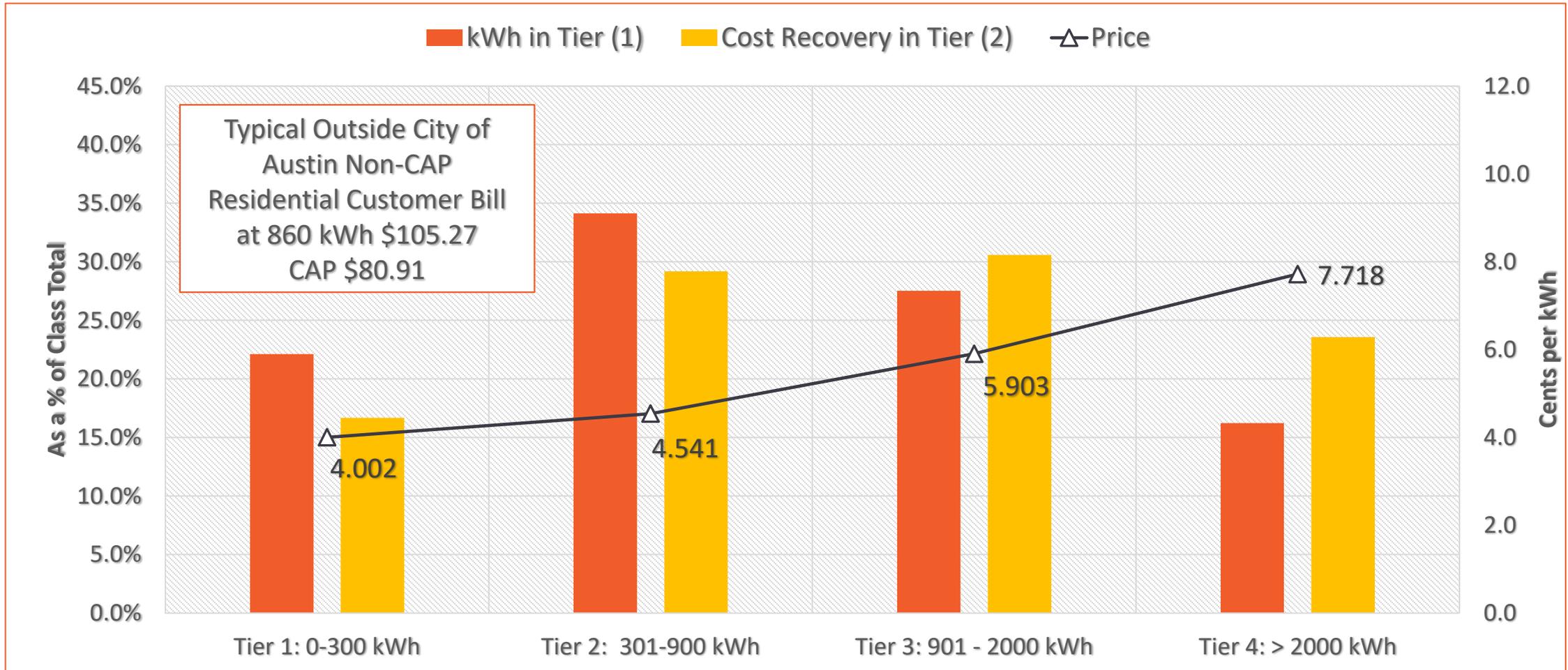
Option 4B Step 1: \$31.3M, 4 Tiers, 40% to Unity, \$14 CC, Inside



- (1) kWh represents Test Year 2021 weather normalized sales as used in the Austin Energy Base Rate Proposal. Differences due to rounding.
- (2) Reflects only costs recovered in Energy Charge revenue.

Austin Energy 2022 Base Rate Review

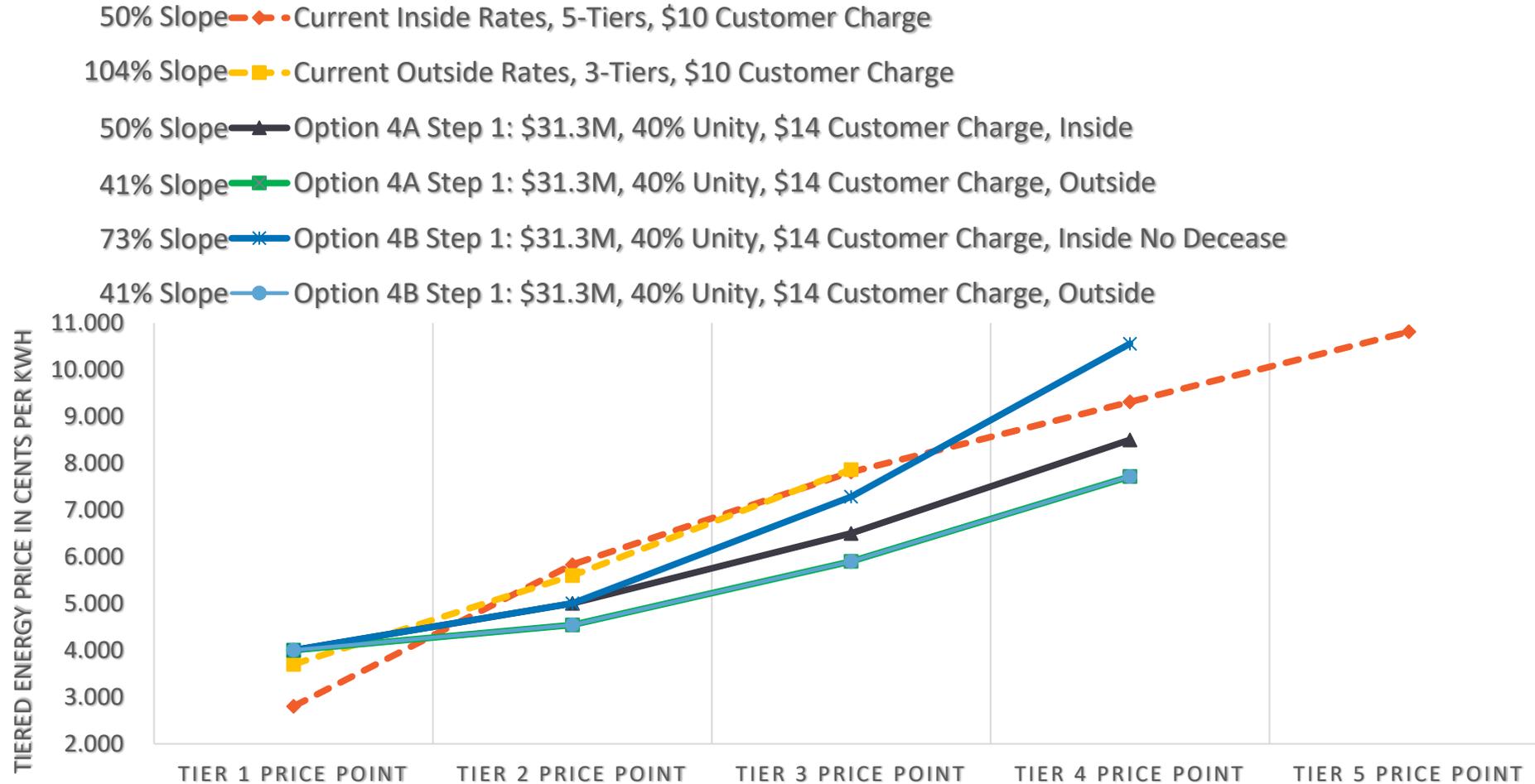
Option 4B Step 1: \$31.3M, 4 Tiers, 40% to Unity, \$14 CC, Outside



- (1) kWh represents Test Year 2021 weather normalized sales as used in the Austin Energy Base Rate Proposal. Differences due to rounding.
- (2) Reflects only costs recovered in Energy Charge revenue.

Austin Energy 2022 Base Rate Review

Comparison of Tiered Energy Rates Between Options Presented



Austin Energy 2022 Base Rate Review

City Council Options for Base Rates

- Both options provide greater financial stability for Austin Energy and improved bill stability for customers
- Both options have tier structures that address the changing consumption patterns of the customers and move customers closer to their respective cost of service
- Both options provide a gradual increase to the Customer Charge over 3-years
- Both options include feedback from City Council, Intervenors, and IHE
 - Reduces GFT from \$120 to \$115 million in the test year, which lowers all customer bills
 - Reduces the Customer Charge from Austin Energy's proposal of \$25
 - Uses 4-tiers rather than the 3-tiers proposed by Austin Energy
 - Uses steeper price curves between tiers
- Both options maintain the 2012 agreement with outside city residential customers
- Option 4B eliminates inside-city residential bill decreases for tiers
- Option 4B funds both the agreement with outside city customers and supports CAP expansion





**Customer Driven.
Community Focused.SM**

